


Minnesota Gambling Control Board

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TO: Honorable Tim Pawlenty, Governor
Honorable Margaret Anderson Kelliher, Speaker of the House
Honorable James Metzen, President of the Senate
Senate Research
House Research
Legislative Committee Members

FROM: Tom Barrett
Executive Director 

DATE: January 10, 2008

RE: FY07 Financial Summary for Licensed Lawful Gambling Organizations

The attached report is a result of legislation passed during the 2005 session (MS 349.151, subd. 4(a),(9)), requiring the Board to report to the Governor and Legislature a financial summary for each licensed organization depicting gross receipts, prizes paid, expenses, and charitable donations. The creation of this report was prompted in response to a program evaluation by the Office of the Legislative Auditor (January 2005). The audit recommended that the legislature consider changes in regulation and to increase the focus on the use of charitable gambling proceeds. This report is a partial result of implementing those recommendations.

Report highlights:

- \$104,961,000 was spent on total "Lawful Purpose" donations in FY07.
- \$45,696,000 was spent on "charitable" donations (43.5% of total Lawful Purpose donations).
- \$52,388,000 was spent on taxes and fees (50% of total Lawful Purpose donations).
- The percentage of taxes/fees paid by organizations ranges from 3.2% to 59.3% of net profits.
- On average, licensed organizations are spending 55% of their net profit on expenses.
- Veteran organizations account for 29% of the total licensed organizations.
- The overall effective rate of taxes and fees paid compared to gross receipts is 4.3%.

This report is sorted alphabetically, by licensed organization. Additional "sorts" (by city, etc) can be provided upon request. If you have any questions, please let me know!

Attachment

Gambling Control Board
Report to the Governor and Legislature

FY2007 Financial Summary for Licensed Lawful (Charitable) Gambling Organizations

MS 349.151, Subd. 4(a)(9) requires the Gambling Control Board to report annually to the governor and legislature a financial summary for each licensed organization

GROSS RECEIPTS, PRIZES PAID, OPERATING EXPENSE, FUNDS AVAILABLE FOR DONATIONS

\$1,229,439,000	Gross Receipts - all money received from the five forms of lawful (charitable) gambling
\$1,004,389,000	Less Prizes Paid (81.7%)
\$225,050,000	Net Receipts (18.3%)
\$225,050,000	100.0% Net Receipts
(\$117,953,000)	52.4% Less Allowable (Operating) Expenses ⁽¹⁾ - expenses directly related to conduct of gambling such as salaries, rent, product, supplies
(\$1,873,000)	0.8% Less Capital Assets and Improvements - expenditures or contributions requiring approval by Gambling Control Board (mostly building repairs)
\$105,224,000	46.8% Amount available for Lawful Purpose Expenditures or Contributions (LPE), including taxes and fees, charitable contributions, and other lawful purpose)

ACTUAL FUNDS SPENT DURING FY2007

\$52,388,000	23.3% LPE spent on Taxes and Fees (taxes related to gambling, the .1% Board fee, and licensing fees paid to Gambling Control Board)
\$45,696,000	20.3% LPE spent on Charitable Donations (See chart FY2006 Charitable Contribution Breakdown for donations that meet charitable definition)
\$6,877,000	3.1% Other LPE (miscellaneous allowed items such as audit costs, real estate taxes, and veteran utilities)
\$104,961,000	46.6% Actual amount spent in FY2007 ⁽²⁾

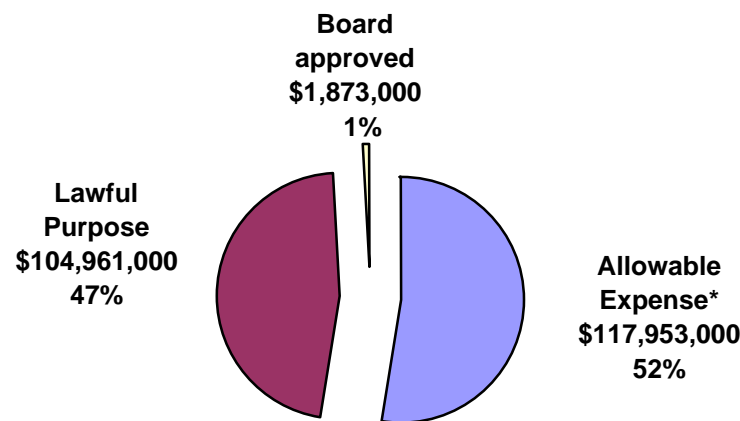
Organization Type: ⁽³⁾

Veterans	370	29%	Legions, VFWs, Auxiliaries, etc.
Fraternal / Civic Clubs	329	25%	Elks, Eagles, Moose, Lions, Jaycees, etc.
Youth Programs	206	16%	Athletic, musical, etc.
Fire Departments	180	14%	Fire Relief Associations
Outdoor	95	7%	ATV, conservation, fishing, hunting, lakes, snowmobile, trails, etc.
Miscellaneous	88	7%	Animal shelters, arts, commercial clubs, library, medical, etc.
Church / School	26	2%	Churches, private schools
TOTAL	1,294	100%	

(1) Some organizations exceeded the expense limit allowed by law and were required to reimburse the overage from non-gambling funds. Total reimbursement was \$752,000.
(2) Organizations are not required to spend 100% of net receipts annually. Money may be carried over from one year to the next (usually for larger projects).
(3) 1% of the organizations did not respond by the deadline. Organizations with less than a full year of activity were not included.

Gambling Control Board Report

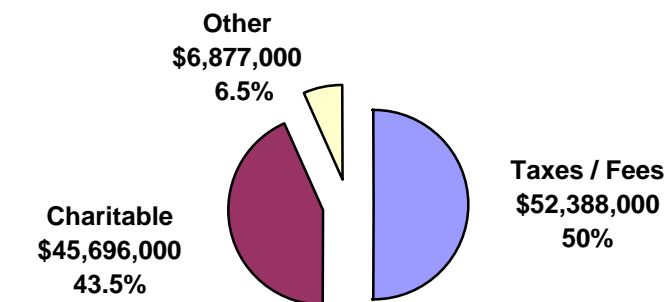
Net Receipts FY2007



FY2006 Total net receipts deposited \$225,050,000
FY2006 Total net receipts spent \$224,787,000

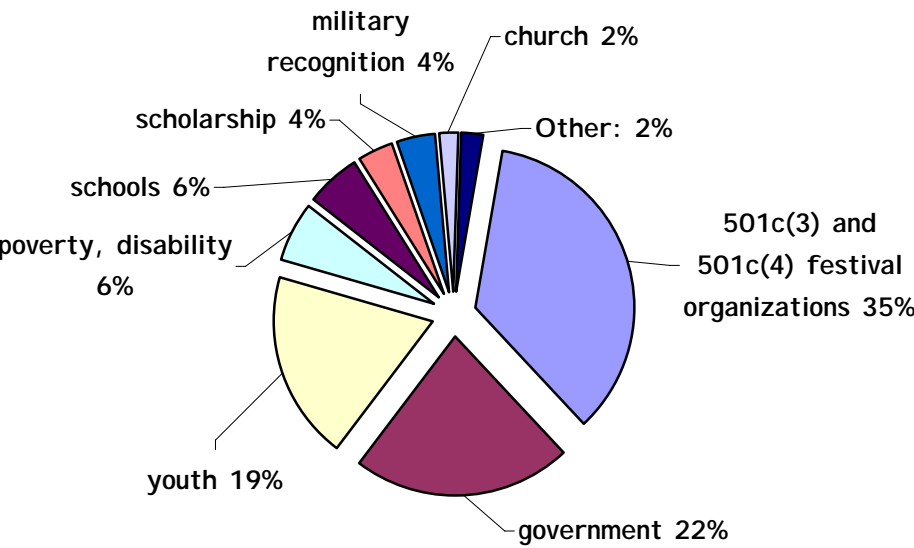
*Amount includes excess expenses of \$752,000 that required reimbursement

FY2007 Lawful Purpose Breakdown



Total Lawful Purpose Expenditures \$104,961,000

FY2007 Charitable Contribution Breakdown



			GCB Code
\$16,105,800	35.25%	501c(3) and 501c(4) festival organizations	A1
\$10,215,000	22.35%	government	A10
\$8,765,400	19.18%	youth	A7
\$2,721,400	5.96%	poverty, disability	A2
\$2,571,500	5.63%	schools	A4
\$1,667,000	3.65%	scholarship	A5
\$1,766,900	3.87%	military recognition	A6
\$922,500	2.02%	church	A11
\$960,000	2.10%	Other:	
\$45,695,500	100.00%		
\$474,700		Other - wildlife management, trails, DNR	A13
\$315,400		Other - food shelves, nutritional programs	A14
\$94,200		Other - humanitarian	A19
\$68,700		Other - community arts	A15
\$7,000		Other - problem gambling	A3